



**PROVINCIAL ASSEMBLY OF SINDH
NOTIFICATION
KARACHI, THE 24th MAY, 2021**

SCAN TO VERIFY
LAW DEPARTMENT
GOVERNMENT OF SINDH
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NO.PAS/Legis-B-07/2019-The Sindh Public Finance Administration Bill, 2020 having been passed by the Provincial Assembly of Sindh on 22nd April, 2021 and assented to by the Governor of Sindh on 19th May, 2021 is hereby published as an Act of the Legislature of Sindh.

THE SINDH PUBLIC FINANCE ADMINISTRATION ACT, 2020

SINDH ACT NO. X OF 2021

**AN
ACT**

to provide for efficient and transparent management of the Provincial Consolidated Fund and Public Account of the Province, and proper accountability of all transactions in relation thereto.

WHEREAS it is expedient to provide for efficient and transparent management of the Provincial Consolidated Fund and Public Account of the Province, and proper accountability of all transactions in relation thereto. **Preamble.**

**CHAPTER-I
PRELIMINARY**

1. (1) This Act may be called the Sindh Public Finance Administration Act, **Short title, extent and commencement.**
2020.

(2) It shall extend to the whole of the Province of Sindh.

(3) It shall come into force at once.

2. In the Act, unless there is anything repugnant in the subject or context - **Definitions**

- (a) “appropriation” means any Schedule of Authorized Expenditure given assent to by the Provincial Assembly to authorize payment from the Provincial Consolidated Fund and Public Account of a financial year;
- (b) “Auditor General” means a person appointed or deemed to have been appointed as Auditor General of Pakistan under Article 168 of the Constitution;
- (c) “Bank” means the State Bank of Pakistan, or any branch or agency of the State Bank, or any bank acting as the agent of the State Bank of Pakistan, in accordance with the provisions of the State Bank of Pakistan Act, 1956 (Act XXXIII of 1956);
- (d) “Bill”, with reference to section 25, means a Government security relating to finances of less than twelve months;

- (e) “Bond”, with reference to section 25, means a Government Bond (a security of twelve or more months);
- (f) **“Budget grant” means grants made by the Provincial Assembly under Article 122 of the Constitution;**
- (g) “charged expenditure” means the statutory expenditure defined in Article 121 of the Constitution;
- (h) “commitment” means the liabilities incurred, whether by contract or otherwise, which may result in a future expenditure;
- (i) “Companies Act” means the Companies Act 2017;
- (j) **“Consolidated Fund” means the Provincial Consolidated Fund established under Article 118 (1) of the Constitution;**
- (k) “Controller General of Accounts” means a person appointed under the Controller General of Accounts (Appointment, Functions and Powers) Ordinance 2001 (No.XXIV of 2001);
- (l) “contingent liability” means a liability that may arise or come as financial impact on the treasury and includes the outcome of an uncertain future event;
- (m) “Constitution” means the Constitution of the Islamic Republic of Pakistan, 1973;
- (n) **“Finance Committee” means the Finance Committee of Provincial Assembly as contemplated under Article-88 read with Article-127 of the Constitution;**
- (o) “Finance Department” means the Finance Department, Government of Sindh;
- (p) “Financial Year” means a period of twelve months starting from first July;
- (q) "Government" means the Government of Sindh;
- (r) “inputs” means the financial, human, and material resources required to undertake activities that contribute to the outputs;
- (s) "internal audit" means an internal but independent and objective assurance designed to help an organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes;
- (t) "internal control" includes an integrated process effected by an entity’s management and personnel and is designated to address risks and to provide reasonable assurance in pursuit of the entity’s mission by achieving the –

- (i) executing orderly, economical, efficient and effective operations;
 - (ii) fulfilling accountability obligations;
 - (iii) complying with applicable laws and regulations;
 - (iv) safeguarding resources against loss, misuse and damage;
- (u) “medium term” means a financial year and the following two consecutive years;
- (v) “Minister for Finance” means the Minister in charge of Finance Department of Government;
- (w) “outputs” means goods produced or services provided;
- (x) “outcomes” means the effects of outputs or services on target population;
- (y) **“Principal Accounting Officer” means the Secretary or any other officer designated by the Government as Principal Accounting Officer, responsible for managing one or more budget grants or charged expenditure;**
- (z) “propriety” means the expenditure and receipts that must be dealt with under the laws, rules or regulations and the declared intentions of Provincial Assembly and, in particular, those expressed through its Public Accounts Committee;
- (aa) **“Provincial Assembly” means the Provincial Assembly of Sindh and its Secretariat as contemplated under Article-87 read with Article-127 of the Constitution;**
- (bb) **“Public Account” shall have the same meaning as defined in Article 118 (2) of the Constitution;**
- (cc) “public entity” means a body to which section-40 applies;
- (dd) “public monies” means-
- (i) all monies received by a public body, from whatever source;
 - (ii) all monies received from a public body by a non-public body;
 - (iii) all monies that come into the possession of, or is distributed by, a public body, and money raised by a private body where it is doing so under statutory authority;
- (ee) “public property” means resources owned by Government or in the custody of Government or entity, and acquired and established through public money, including donations in the form of commodity;
- (ff) **“public servant” means and shall have the same meaning as assigned to it under section 21 of the Pakistan Penal Code;**
- (gg) **“re-appropriation” means the transfer of funds from one head of account of appropriation to another head of account within a**

budget grant or appropriation;

- (hh) “regularity” means the requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, including this Act and any applicable delegated authority, regulations, directives and instructions issued under this Act;
- (ii) “resources” includes monies, stores, property, assets, loans and investments of Government;
- (jj) “Secretary” means and includes the Chief Secretary, Chairman Planning and Development Board, Senior Member Board of Revenue, Additional Chief Secretary, **Secretary Provincial Assembly of Sindh**, Secretary to Government Incharge of an Administrative Department;
- (kk) “State enterprise” means a company registered under the Companies Act or any other law or legal instrument, in which the Government is able to-
 - (i) control the composition of the board of directors of the company;
 - (ii) cast, or control the casting of more than fifty percent of the maximum number of votes that might be cast at a general meeting of the company; and
 - (iii) control more than fifty percent of the issued share capital of the company, excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital.
- (ll) **“supplementary grant” means budget grant within the meaning of Article 124 of the Constitution;**
- (mm) “tax expenditure” means the revenue which Government foregoes through the provisions of tax laws that allows –
 - (i) deductions, exclusions or exceptions from the taxpayer’s taxable expenditure income or investment;
 - (ii) deferral of a tax liability, or
 - (iii) preferential tax rates.
- (nn) “Technical Supplementary Grant” means **the surrender of funds from one budget grant or appropriation and budget authorization in another grant or appropriation. Technical Supplementary grant shall not result in increase of overall government expenditure;**
- (oo) “voted expenditure” means **expenditure other than charged expenditure specified in the Annual Budget Statement referred to in Article-122(2) of the Constitution.**

CHAPTER-II
BUDGET MANAGEMENT
Fiscal Policy, and Enhancements in Fiscal Transparency

3. (1) Where an Act of Provincial Assembly for imposing a tax, rate or levy confers powers on any person or authority to waive or vary a tax, rate or levy imposed by such Act, the authority or person so authorized shall report to Provincial Assembly on the exercise of those powers not less than annually.

**Reporting on
Exemption from
Taxation.**

(2) At the time of presentation of the budget, Government shall present estimates of the cost of tax expenditure arising from exceptions, broken down by revenue instrument.

4. (1) **Finance Department shall present to Government, and the Government shall lay before the Standing Committee on Finance of the Provincial Assembly, a Budget Strategy Paper which sets forth a medium-term budgetary strategy. The Budget Strategy Paper shall be presented to Government not later than the 15th April each year.**

**Budget Strategy
Paper.**

(2) The strategy shall indicate the strategic priorities of Government revenue and spending policies, including indicative ceilings of spending in various categories.

(3) Quantified projections shall be presented for the financial year commencing on the first day of July and for at least the two years following that financial year.

5. Consistent with Articles 119 and 120 of the Constitution, all requests for the issue of monies from the Provincial Consolidated Fund and Public Account shall be submitted to the Finance Department and, where the Government considers it appropriate, it shall approve their inclusion in estimates of expenditure for submission to the Provincial Assembly in accordance with section 6.

**Budget Preparation
and Presentation.**

6. (1) Subject to the provisions of the Constitution, and sub-section (2), the Finance Department shall prepare and Government shall lay before the Provincial Assembly not later than the thirtieth day of June of each year-

**Estimates of Revenue
and Expenditure.**

- (a) estimates of the revenues and financing requirements of Government for the following financial year;
- (b) estimates of the expenditure of Government for the following financial year allocated between voted expenditures and charged expenditures which Government considers appropriate and shall include for each voted expenditure and charged expenditure -
 - (i) a statement of the purposes for which the expenditure is to be used;
 - (ii) the amount to be allocated to each component to be funded by the voted expenditure and charged expenditure; and
 - (iii) the identity of the Principal Accounting Officer designated under section 13 who is responsible for the voted expenditure and charged expenditure.

(2) Government shall at the time of submission of the estimates under sub-section (1), submit for the approval of the Provincial Assembly, a budget statement, which compares the budget estimates for the coming year, with both the initial budget estimates and revised estimates of outgoing year, as well as the actual or provisional expenditure of previous year.

(3) The Government shall at the time of submission of the estimates under sub-section 6(1), submit for the approval of the Provincial Assembly, the net borrowing requirement as laid out under section 24.

7. (1) Within a period not exceeding five years from the date of enactment of this Act, Government shall, at the time of submission of the estimates under sub-section (1) of section 6, also lay before the Provincial Assembly a presentation of estimates of expenditure which shows the outputs expected to be provided from each budget Demand, and selected performance criteria to be met, for the financial year commencing on 1 July and for at least the two years following that financial year.

**Medium-Term
performance
orientation in the
expenditure estimates.**

(2) No later than 31st January each year, each Principal Accounting Officer shall submit to the Planning and Development Department, and the Finance Department a medium-term, rolling, costed strategic plan. Such plan shall contain –

- (i) a comprehensive mission statement covering the major functions, as per the Sindh Government Rules of Business, 1986 and operations of the department;
- (ii) Departmental goal;
- (iii) a description of outputs, activities and inputs, each of which are costed within available financial resources;
- (iv) organisational officer responsible for meeting outputs;
- (v) a description of human, information technology, approved projects or schemes, and other resources to meet the departmental goal;
- (vi) recurrent and development budgets required to meet the outputs;
- (vii) an identification of those key factors external to the department and beyond its control that could significantly affect the achievement of the departmental goal;
- (viii) indicators and targets for Outcomes and Outputs to become basis for performance evaluation.

8. (1) Subject to the provisions of the Constitution where in the course of any financial year, it is found that due to unforeseen, unavoidable and exceptional events having occurred since the preparation of the annual estimates –

**Supplementary
Budget.**

- (a) the amount appropriated by an Appropriation is insufficient; or
- (b) **that a need has arisen for expenditure to be incurred for a purpose for which no amount has been appropriated, a supplementary estimate, showing the amount required shall be laid before Cabinet for approval prior to the incurring of**

the expenditure, and the voted expenditure and charged expenditure shall be included in a Supplementary Budget Statement to be introduced in Provincial Assembly to provide for their appropriation. Supplementary budget shall be submitted in accordance with the rules of the Provincial Assembly.

9. (1) The Principal Accounting Officer may re-appropriate funds, **under the Sindh Delegation of Financial Powers and Financial Control Rules, 2019 as amended from time to time.** **Re-appropriation and Technical Supplementary Grant.**

(2) The Technical Supplementary Grant involving transfer of funds between budget Grants shall requires prior approval by the Finance Department.

CHAPTER-III RESPONSIBILITIES OF THE FINANCE DEPARTMENT, PLANNING AND DEVELOPMENT DEPARTMENT AND DUTIES OF GOVERNMENT OFFICIALS

10. (1) The Minister for Finance is the overall in-charge of the Finance Department. **Responsibilities of the Finance Department.**

(2) The Finance Department shall maintain a transparent system of control over public finances. In particular, the Finance Department shall –

- (a) be responsible for the management, supervision and control of all matters relating to the budget and financial affairs of the Government;
- (b) provide a full account to Provincial Assembly of the use of resources and public monies as provided for in Chapter-V of this Act;
- (c) ensure appropriate systems for the exercise of regularity and propriety in the handling and expenditure of resources and public money and, for the equitable, competitive and cost-effective procurement of goods and services and provide guidance to the Chief Minister thereupon;
- (d) ensure the appointment of qualified Chief Finance Officers, and **Chief** Internal Audit Officers in provincial departments as provided for in sections 14 and 15;
- (e) identify, in writing, the responsible Principal Accounting Officer for each voted expenditure or charged expenditure;
- (f) provide guidance to the Chief Minister with respect to statutory instruments in order to make such regulations, give such instructions and issue such directives for the carrying out of the intent and purposes of this Act, and for the safety and economy of public revenue and public property;

(3) The Finance Department shall also have responsibilities for the effective application of this Act, and in particular shall –

- (i) ensure that systems are established for planning and preparing the annual budget and medium-term budget framework,

including the allocation of resources and the costing of revenue and expenditure policies;

- (ii) ensure that the budget classification system is established which allows for a transparent budget presentation, enables expenditure control, the consistent recording of each financial transaction, and the preparation of accounting and statistical data is compatible with internationally recognised statistical systems for public finance;
- (iii) ensure that an internal audit function, in conformity with internationally recognised standards in respect of its status and procedures, is established in every Government department, and public entities required to produce accounts under sections 42.
- (iv) ensure that appropriate rules and regulations are established for the internal audit function;
- (v) ensure that the system of accounting in every Government department or public entities required to produce accounts under sections 42 is appropriate to the needs of the organisations concerned and conforms to internationally recognised standards as far as possible;

(4) For the above purposes, the Finance Department may issue general or specific instructions, where appropriate, in consultation with the Accountant General to Principal Accounting Officers and other public servants charged with implementing this Act.

(5) Secretary Finance shall exercise financial powers, responsibility and accountability under this Act. The delegation of financial responsibility and accountability shall not diminish the responsibility and accountability of the delegating person.

11. (1) The Minister for Planning and Development is the overall in-charge of the Planning and Development Department.

**Responsibilities of
Planning and
Development
Department.**

(2) The Planning and Development Department shall establish and maintain a system of planning, public investment management and the management of development budget. In particular, the Planning and Development Department shall ensure that the following systems prevail:-

- (a) consultation with the Federal Planning Commission in relation to the preparation of the five years national Development Plan and other multi-annual strategies and plans;
- (b) adequate guidelines and effective systems for the identification, appraisal, budgeting and monitoring and evaluation of development projects or schemes;
- (c) appropriate training and capacity-building is undertaken in the sectoral line departments for their planning and implementation of development projects;
- (d) liaison with Finance Department with regard to the recurrent cost implications of development projects or schemes;

- (e) preparation of Annual Development Programme;
- (f) provision of support to the Chief Minister in submission of the Sindh Annual Development Programme to the National Economic Council;
- (g) appropriate procedures for the release of funds for the development budget are in place and routinely updated in the light of experience; and
- (h) periodic evaluation of the public sector investment portfolio and processes.

12. Finance Department shall establish a monitoring mechanism for Treasuries and Accounts.

Monitoring mechanism for Treasuries and Accounts.

13. (1) Each Principal Accounting Officer **shall be accountable** for the regularity and propriety of the expenditure of money applied by an appropriation or any other provision to the voted expenditure and charged expenditure, special fund and for all resources received, held or disposed of, by or on account of that voted expenditure and charged expenditure, special fund or public entity.

Duties of Principal Accounting Officers.

(2) A Principal Accounting Officer shall, whenever the necessity arises, consult the Finance Department on the applicability of this Act, any rules or regulations, instructions or directives.

(3) In the exercise of his duties under sub-section (1), a Principal Accounting Officer shall ensure that -

- (a) adequate control is exercised over the incurring of spending commitments and contingent liabilities;
- (b) effective systems of internal control in respect of all transactions and resources under his control;
- (c) accounts for the financial transactions of his voted expenditure and charged expenditure are prepared and verified; and
- (d) there is full realisation and accounting for all tax and non-tax revenues falling under his field of responsibility.

(4) A Principal Accounting Officer may, if so required by any regulations, instructions or directives issued under this Act, state in writing the extent to which the powers conferred and duties imposed on him, may be exercised or performed on his behalf by any officer or official under his control, and shall give such directives as may be necessary to ensure the proper exercise or performance of those powers and duties. The delegation of financial responsibility and accountability shall not diminish the responsibility and accountability of the delegating person.

(5) A Principal Accounting Officer shall be responsible for overall planning, management, execution, performance and accounting with reference to his department or office.

(6) A Principal Accounting Officer shall be assisted by a **Chief** Finance Officer as provided under section 14, and by the **Chief** Internal Audit Officer as provided under Section 15.

14. (1) Within a period not exceeding five years from the date of enactment of this Act, a position of Chief Finance Officer shall be created in some or all departments. The Chief Finance Officer shall support and report to the Principal Accounting Officer in all financial management matters including, but not limited to, **budgeting, costing, internal control, financial reporting, and audit. Roles and responsibilities of Chief Finance Officers shall be prescribed in Sindh Financial Rules.**

Chief Finance Officers.

15. (1) Within a period not exceeding five years from the date of enactment of this Act, a position of the **Chief** Internal Audit Officer shall be created in some or all departments. The **Chief** Internal Audit Officer is an officer located in a department, is a member of **Departmental Internal Audit Committee**, and reports to the PAO of the Department. The function of the **Chief** Internal Audit officer shall be **in the manner as prescribed under the regulatory framework for internal audit, as framed by Government.**

Chief Internal Audit Officers.

CHAPTER-IV CONTROL OF PUBLIC FINANCE Expenditure Control Cash Management and Government Banking Arrangements

16. (1) No money shall be withdrawn from the Provincial Consolidated Fund except **as authorized** by the Finance Department.

Expenditure Control by the Finance Department.

(2) No **instructions**, as provided for in sub-section (1), shall be issued by the Finance Department unless it pertains to expenditure that has been authorised for the financial year during which the withdrawal takes place –

- (a) by an Appropriation; or
- (b) by a Supplementary; or
- (c) by a Technical Supplementary.

(3) Government may suspend, withdraw, limit or impose conditions on any **instructions**, as provided in sub-section (1) and sub-section (2), or other authority issued by it, if it is satisfied that such action is required by reason of a financial exigency or is in the public interest.

(4) The authorized expenditure of the Provincial Assembly shall be controlled and regulated through its Finance Committee as provided under Article-88 read with Article-127 of the Constitution.

17. Every Appropriation adopted by Provincial Assembly of public monies for the service of a financial year, and every **instruction** of authority to withdraw from Provincial Consolidated Fund in respect of a financial year, shall lapse and cease to have any effect at the close of that year.

Duration of Appropriations and Instructions of Authority to Withdraw from Provincial Consolidated Fund.

18. (1) Where at the close of accounts for any financial year, it is found that monies have been expended in excess of the sum assigned to an estimate forming part of a voted expenditure or charged expenditure in the estimates of expenditure approved by the Provincial Assembly for the financial year, and to which no further sum has been applied under this Act or any rules or regulations issued thereunder, the amount of the excess shall be included in Excess Budget Statement which shall be laid before Provincial Assembly as provided for under Article 124 of the Constitution.

Excess Expenditure.

(2) The Public Accounts Committee of the Provincial Assembly shall consider excess expenditure and recommend whether the excess expenditure should stand charged to public funds or not.

19. (1) The Finance Department shall make regulations and issue directives for the management of delegation of financial powers based on the following principles:-

**Principles of
Delegation of
Financial Powers.**

- (i) financial powers accorded to the Principal Accounting Officers balance financial authority with responsibility for financial propriety as per the applicable financial rules and regulations;
- (ii) delegated financial powers are accorded with the view to support Principal Accounting Officers in enhancing service delivery capacity;
- (iii) allowing the Principal Accounting Officers to delegate financial powers to the heads of Attached Departments, and their subordinate offices. Delegation of financial responsibility and accountability shall not diminish the responsibility and accountability of the delegating person;
- (iv) common and specific financial powers to category of officers working in a Department, its Attached Departments and Subordinate Offices are determined keeping in view specific requirements of the Department.

20. (1) **The Finance Department shall make rules or regulations for the management and control of any fund for which monies have been appropriated by the Provincial Assembly. The statutory instrument by which the fund may be established shall:-**

**Management of
Special Funds.**

- (i) state the purposes for which the special fund has been established;
 - (ii) identify the Principal Accounting Officer responsible for the operations of such fund;
- (2) Where Government is satisfied that either -
- (a) the purposes for which any special fund have been fully served; or
 - (b) no legal provision exists for the special fund and that it is in the public interest to wind up a special fund,

it may, by statutory instrument, dissolve the special fund and any monies or other resources standing to the credit of the special fund at the time of winding

up shall be paid into the main operational bank account of the Provincial Consolidated Fund.

21. (1) Consistent with sub-section (2) of section 10, the Finance Department shall ensure that cash is made available in a timely manner to settle all duly authorised payment orders arising from the execution of spending authorised in Appropriation.

Cash Management.

(2) The Finance Department shall issue rules or regulations under this Act to prescribe an effective cash management system, including for all public entities established under section 40 and special funds established under section 20. Such rules and regulations inter alia shall -

- (a) establish the institutional and administrative arrangements needed to manage an effective cash management system;
- (b) require all Principal Accounting Officers to provide the information deemed necessary for the effective operation of the cash management system;
- (c) authorise the Finance Department to undertake active in-year cash management, in close coordination with the State Bank of Pakistan, in accordance with a protocol of understanding reached between the Finance Department and the State Bank of Pakistan; and
- (d) give the Finance Department the right to obtain information on all bank accounts of Government or public entities **whether in the State Bank of Pakistan or commercial bank.**

22. (1) Subject to the provisions of Article 118 of the Constitution, all revenues **received by the Provincial Government, all loans raised by that Government, and all monies received by it in repayment of any loan shall form part of a consolidated fund, to be known as the Provincial Consolidated Fund.**

Provincial Consolidated Fund and Public Account.

(2) **All other monies received by or on behalf of the Provincial Government; or received by or deposited with the High Court or any other court established under the authority of the Province; shall be credited to the Public Account of the Province.**

23. (1) The Finance Department shall authorize the opening and closing of bank accounts for Government **whether in State Bank of Pakistan or commercial bank.** No public servant may establish a bank account for any special fund without the prior written approval of the Finance Department.

Banking arrangements.

(2) The main operational bank account of the Provincial Consolidated Fund shall be established in the State Bank of Pakistan, into which all revenues shall be deposited and all payments shall be made therefrom. For the purpose, Government may **recommend** the appointment of one or more agents to the State Bank of Pakistan.

(3) Although separate accounts shall be maintained with the State Bank of Pakistan for the Provincial Consolidated Fund and Public Account in accordance with Article 118 of the Constitution, non-zero balances of the Public

Account may be consolidated into the main operational account of the Provincial Consolidated Fund established under **sub-section (2)**.

(4) The Finance Department may authorise the opening of additional bank accounts in the State Bank of Pakistan and in exceptional circumstances in domestic and foreign commercial banks, to act as transitory bank accounts to facilitate the collection of revenues or the processing of payments.

(5) The Finance Department notwithstanding the provisions of sub-section-**(4)**, shall ensure that the balances on these bank accounts are kept to a minimum, and are cleared to the main operational account of Government at the State Bank of Pakistan in a timely manner.

(6) The procedures for opening, closing, and operating Government bank accounts shall be prescribed by rules or regulations made under this Act.

24. (1) Government shall not borrow, guarantee, or raise a loan in on behalf of itself or any other public institution, authority or person except in accordance with the provisions of this Act or any other law, for time being in force. **Authority to borrow.**

(2) The authority to raise money by loan, to issue guarantees and to accept grants for and on behalf of Government shall vest solely in Government and no public entity shall, without the prior approval of Government, raise any loan or issue any guarantee, or take any other action which may in any way either directly or indirectly result in a liability being incurred by the Government.

(3) Government Loans may be raised upon such terms and conditions as to interest, repayment or otherwise as may be approved by the Government.

(4) Loans may be raised by Government only for the following purposes:-

- (a) financing budget deficits;
- (b) refinancing maturing debts;
- (c) obtaining foreign currency;
- (d) furthering a prudent fiscal and monetary policy and management;
- (e) on-lending to an approved institution;
- (f) otherwise defraying expenditure which may lawfully be defrayed;
- or
- (g) such other purpose as may be authorized by the **Government**.

25. (1) Subject to the Article 167 of the Constitution and section 24, the Minister for Finance may enter into contractual borrowing arrangements that he deems to be expedient, including issuing Government Bills or Bonds or stock. **Debt Management**

(2) The Minister for Finance shall ensure that any borrowing minimises the debt-related risks to the Government.

(3) The Minister for Finance may, with the approval of Government, on such terms and conditions as the Finance Department may determine and, where necessary, with the approval of the lender –

- (a) repay any borrowing prior to the redemption date;
- (b) convert a debt instrument into any other debt instrument; or
- (c) consolidate debt instruments.

(4) All expenses incidental to borrowing and debt management must be accounted for through the Provincial Consolidated Fund in accordance with Article 118 of the Constitution. All expenses and charges for raising loans shall be borne by Government or public entity to which the loan relates.

(5) The Finance Department shall maintain a register of public debts.

26. The Minister for Finance may, consistent with sections 24 and 25 of this Act delegate his functions under this Act relating to the negotiation of a debt instrument or grants to the Secretary of Finance Department or to execute on behalf of Government any agreement or other instrument relating to a debt instrument or loan given under this Act.

Delegation of the Management of Debt and Grants by the Minister for Finance

27. (1) Subject to the Article 167 of the Constitution and section 25, where Government is satisfied that it is in the public interest, the Minister for Finance may on behalf of Government, guarantee the repayment of the principal, the interest and other charges on any loan raised by any public entity either within or outside Government in the manner and on conditions he may think fit.

Authority to guarantee loans.

(2) The Minister for Finance shall approve all agreements involving Government guarantees.

(3) The Finance Department shall maintain a register of guarantees and issue directives for the issuance, replenishment, and use of guarantees.

28. (1) Where a guarantee is given under section 27, the public entity, for whose benefit that guarantee is given, shall reimburse the Government in the manner as the Finance Department may direct-

Responsibilities of beneficiaries of guarantee.

- (a) all sums of monies which the Government has paid to fulfil the guarantee; and
- (b) all expenses which the Government incurs in relation to the guarantee.

29. (1) Grants made to Government by a foreign government or by any other person shall be received by the Finance Department through the Federal Government.

Receipts of grants by Government.

(2) The Finance Department shall be responsible for its prompt accounting through the Provincial Consolidated Fund and the amount received shall be deposited with the State Bank of Pakistan.

(3) The Finance Department shall, in collaboration with representatives of donors, enter into the agreements and issue instructions concerning the management of such grants, notably with respect to their accounting and the consolidation of balances of any special bank accounts into the **Provincial Consolidated Fund** in consultation with the Controller General of Accounts and the Auditor General.

30. The system of Public Private Partnership shall be conducted in accordance with Sindh Public Private Partnership Act, 2010 and the rules and regulations, **guidelines and policies** made thereunder.

Public Private Partnership.

31. **The system of the Sindh Fund Management House shall be conducted in accordance with the Sindh Fund Management House Act, 2013 and the rules, regulations, guidelines, and policies made thereunder.** **Sindh Fund Management House.**
32. (1) Principal Accounting Officers shall be responsible for maintaining the system of internal control in their respective departments and subordinate offices. The exercise of internal control shall be based on the following objectives :–
- (a) ensuring efficiency and effectiveness of departmental operations;
 - (b) ensuring reliability, completeness and timeliness of financial and management information; and
 - (c) ensuring compliance of this Act, rules, regulations and the procedure laid down.
- (2) Based on the objectives defined under sub-section (1), the Finance Department shall issue **policies** and guidelines related to internal control **which are in line with guidelines** of the Controller General of Accounts. **Internal Control.**
33. The Finance Department shall issue guidelines related to Commitment Control Systems and Multiannual Commitments **in line with guidelines** of the Controller General of Accounts. **Commitment Control Systems and Multiannual Commitments.**
34. The system of public procurement will be conducted in accordance with the provisions of the Sindh Public Procurement Act, 2009 and rules and regulations made thereunder. **Public Procurement.**

CHAPTER-V REPORTING

35. The Finance Department shall every quarter review the actual revenues, expenditures and financing in relation to the estimates approved under sections 6 and 8 and place such review before the Provincial Assembly not later than **two** months after the end of that quarter. **In-year Reporting.**
36. The Finance Department shall prepare a report each year on the analysis of revenues and appropriated budget and actual revenues and expenditures for the previous fiscal year and place such a review before the Provincial Assembly not later than six months after the end of the year. **End-year Reporting.**
37. (1) Within a period not exceeding five years from the date of commencement of this Act, not later than 30th November of each year, the Principal Accounting Officer of each department shall prepare and submit to the Chief Secretary and the Finance Department, a report on progress against performance defined in section 7 for the previous fiscal year. **Performance Reporting.**
- (2) Each report under sub-section (1) shall set forth the outcome and output performance indicators, established in the departmental strategic plan under section 7 along with actual performance achieved for that fiscal year. The report shall contain –
- (i) review the success of achieving the outcome and output goals of the previous completed fiscal year;

- (ii) explain and describe, where performance has not been met in whole or in part, including if the department is on course towards meeting its goal; and
- (iii) describe the efficiency in achieving performance by comparing budget approved by the Provincial Assembly and actual expenditure incurred against each output.

CHAPTER-VI INTRA-GOVERNMENTAL FISCAL COORDINATION

38. Government shall establish a system of Intra-Provincial Fiscal Transfer to be implemented through the Sindh Provincial Finance Commission in accordance with the provisions of the Sindh Local Government Act, 2013.

**Provincial Finance
Commission Award**

39. The Finance Department shall establish systems and procedures and issue rules, **regulations, and guidelines** for financial management in local governments.

**Financial
Management in Local
Governments**

CHAPTER-VII PUBLIC ENTITIES

40. (1) The following shall be the public entities:-

**Classification of
Public Entities**

- (a) any board, commission, company, corporation, authority, trust or organization is established by or under any law which is fully or substantially funded either from the Provincial Consolidated Fund or by way of taxes, levies, duties or other public monies accruing to it in terms of any law; or
- (b) any entity other than a state enterprise established by or under any law, the activities of which may result in a financial commitment or other liability being incurred by Government.

(2) The Finance Department shall, by notification in the official gazette, classify public entities as follows:-

- (a) Government Business Enterprises which include companies registered under the Companies Act and the Banking Companies Ordinance; or
- (b) autonomous bodies, which includes all public entities that are not Government Business Enterprises, and which have been established to provide regulatory, research, development and training, or are producing goods or services on a non-commercial basis.

(3) The Finance Department shall establish the policy framework and guidelines for financial management, including guidelines related to internal controls, borrowing, and cash management of autonomous bodies.

41. The Finance Department shall establish policy and guidelines and may issue regulations on the utilisation of revenues generated by autonomous bodies and may regulate whether an autonomous entity may retain and utilize self-generated revenues. In exercising this function, the Finance Department shall have due regard for both the interest of Government in increasing public revenues and for the promotion of incentives for such entities to be financially self-supporting through self-generated revenues.

**Self-Generated
Revenues.**

42. (1) The financial statements of Government Business Enterprises shall be prepared in accordance with the provisions of the Companies Act and submitted to the Finance Department not later than sixty days after finalization of the accounts.

Preparation of accounts and reporting.

(2) The financial statements referred to in sub-section (1) shall be laid before the Provincial Assembly by the Finance Department not later than one month after the Finance Department receives them; except that, if the Provincial Assembly is not in session, then the accounts shall be laid before it on the first day of the following session.

(3) The accounts of autonomous bodies shall be prepared in accordance with instructions issued by the Auditor General **and guidelines of the Controller General of Accounts.**

43. Where the public entity established under any law or legal instrument stands dissolved or has been wound up, any monies or other resources standing to the credit of the public entity at the time of dissolution or winding up shall be paid into the main operational bank account of Provincial Consolidated Fund.

Monies and resources of dissolved or wound up public entities.

CHAPTER-VIII MISCELLANEOUS PROVISIONS

44. (1) Government may make rules as may be necessary for carrying out the purposes of this Act, including but not limited to; financial control, budget processes and procedures, cash management and debt management.

Power to make rules.

(2) The rules shall be consistent with the following principles -

- (a) all financial transactions shall be duly authorized;
- (b) all financial transactions shall be recorded promptly, clearly, accurately, logically and coherently;
- (c) all financial transactions shall be carried out in an efficient and effective manner;
- (d) all financial transactions shall be carried out for a proper purpose. For the purpose of this clause, a purpose shall be considered as proper if it is -
 - (i) clearly identifiable;
 - (ii) in pursuance of an official policy;
 - (iii) adequately estimated as to its costs, consequences and effects;
 - (iv) sanctioned in compliance with all applicable procedures;
 - (v) within the ambit of law and not restricted by any law in force for the time being; and
 - (vi) in furtherance of the public interest; and
- (e) the responsibility for every financial transaction should be traceable to the public official who is empowered or delegated to carry out that financial transaction.

45. **Save as otherwise provided herein**, this Act shall take precedence over all other legislative Acts of the Provincial Assembly **to the extent of any inconsistency between such legislative Acts and this Act.**

Precedence of this Act.

46. If any difficulty arises in giving effect to the provisions of this Act, Government may give such directions, not inconsistent with the said provisions, as it may consider necessary for removal of such difficulty.

Removal of Difficulties.

47. (1) The Sindh Financial Management and Accountability Act, 2011 (No. XVIII of 2011) is hereby repealed.

Repeal of the Sindh Financial Management and Accountability Act, 2011.

(2) Notwithstanding the repeal under sub-section (1), all existing instruments shall continue in force until altered, amended or repealed by such authority competent to alter, amend or repeal the same.

(3) The existing instruments shall include -

(a) the **Sindh Financial Rules**;

(b) the **Treasury Orders and the Subsidiary Rules made thereunder**;

(c) the **Sindh Delegation of Financial Powers and Financial Controls Rules**;

(d) all amendments, schedules, manuals, notifications, forms, appendices, orders, circulars, codes, instructions, directives, guidelines, clarifications and any other supplementary legal instruments relating to any of those rules, in each case as in force in the Province of Sindh before the commencement of this Act.

**BY ORDER OF THE SPEAKER
PROVINCIAL ASSEMBLY OF SINDH**

**G.M.UMAR FAROOQ
SECRETARY
PROVINCIAL ASSEMBLY OF SINDH**